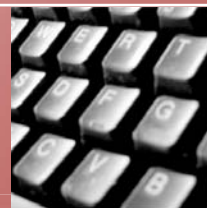
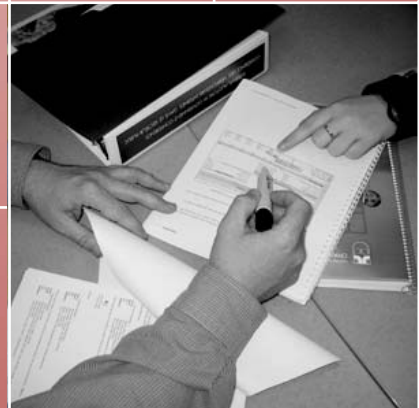


Audit of Youth Employment Initiatives Programs



Audit of Youth Employment Initiatives Programs

Project No: 6568/00

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EXECUTIVE SUMMARY

As identified in Internal Audit and Risk Management Services' (IARMS) annual audit plan, an audit of Human Resources Development Canada's (HRDC)¹ Youth Employment Initiatives programs was completed. The field work for the audit was undertaken during the period June 2001 to June 2002. This period and the period immediately following the audit, was characterized by significant planning activities to streamline the Government of Canada's Youth Employment Strategy (YES) which was formally adopted in early 2003. The opportunity was therefore taken by IARMS to link the results of this audit as much as possible to key changes in program management.

Prior to being streamlined, Youth Employment Initiatives programs within HRDC comprised the following four major program groupings: Youth Internship Canada and Youth International Program, Youth Service Canada, the Student Summer Job Action comprising the Summer Career Placements program and Partners in Promoting Summer Employment and related *Employment Insurance Act* Part II programs Information and Youth Awareness. Except where noted, all are contribution programs. Under the renewed Youth Employment Strategy, youth programs moved from several existing programs to three focused programs which include: Skills Link (incorporating activities of the former Youth Internship Canada and Youth Service Canada programs as well as new activities), Career Focus (incorporating activities of the former Youth International program as well as new activities) and Summer Work Experience (formerly the Student Summer Job Action).

For reasons identified later in this report, the Partners in Promoting Summer Employment program was excluded from the audit's scope.

With the exception of National youth employment projects which is an alternate program delivery option for national organizations and contribution recipients, for the most part Youth Employment Initiatives programs continue to be managed and delivered regionally with national coordination provided by the Youth Initiatives Directorate located in National Headquarters.

As the management frameworks for each of the programs examined had much in common, they were examined together. Except where noted, it is important to appreciate that this report's observations and conclusions are specific to the previous array of Youth Employment Initiatives programs. To add value for program management, links have been drawn to the streamlined programs.

The objective of the audit was to provide assurance that Youth Employment Initiatives programs are appropriately managed and risks are being identified and appropriately managed. See *Appendix A: Audit Objectives, Criteria and Methodology* for information regarding the audit criteria and methodology used to undertake the audit.

¹ In December 2003 the former department of HRDC became two distinct departments. As well, Internal Audit and Risk Management Services in HRDC was divided between the two new departments. The portion in HRSDC is called Internal Audit Services. YES programs form part of the new department known as Human Resources and Skills Development Canada (HRSDC).

The audit was conducted both at National Headquarters within the Youth Initiatives Directorate and five regions comprising British Columbia, Alberta, Ontario, Quebec and Nova Scotia. These regions were chosen with the aim that the findings and conclusions reached by this audit would apply on a national basis and be of benefit to all HRDC regions. However, care must be taken when applying the results to those regions outside those examined.

Initially, the management frameworks for each of the key program elements were assessed by way of previous audits, reviews and studies along with the results of risk and control self-assessment sessions facilitated by IARMS attended by key program management and program delivery staff in each location examined. This analysis was followed up with interviews and documentation review and analysis including that of the Performance Tracking Directorate's quality assurance reviews of 254 youth program files to corroborate the assessment.

This internal audit was conducted in accordance with both the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

We concluded that based on the evidence examined in support of the audit criteria, Youth Employment Initiatives programs are appropriately managed; and risks are being identified and appropriately managed.

While overall assurance is given with respect to the audit's objectives, the following recommendations for improvement are made:

1. Resourcing strategies to attain youth program priorities should be articulated in regional and national plans. The Department should develop a method to track regional operating expenditures for youth and other programs.
2. Youth Initiatives Directorate should:
 - ensure that risk mitigating strategies with respect to performance indicators and data-capture and integrity identified in the Risk-based Audit Framework for the renewed Youth Employment Strategy are implemented and monitored for results;
 - ensure the new measures identified in the Risk-based Management and Accountability Framework are fully developed and implemented; and
 - continue to monitor the implementation of the Grants and Contributions Common System to ensure data integrity issues are fully addressed.
3. Youth Initiatives Directorate should continue to monitor and assess the effectiveness of recent actions and planned activities to increase potential contribution recipients awareness of youth programs and their understanding and capacity for administrative requirements.

Refer to Appendix B *Management Action Plans* for the identified actions and dates for completion.

Overall Management Response

Components of Human Resources Development Canada's (HRDC) Youth Employment Strategy (YES) programs were the subject of an internal audit conducted by Internal Audit and Risk Management Services (IARMS) between June 2001 and June 2002.

Since that time the YES has been re-aligned. The re-aligned YES was approved in February 2003 and included new programs and authorities. In addition to the authorities, the approval committed HRDC to a new accountabilities regime detailed within the Results-Based Management and Accountability Framework and the Results-Based Audit Framework.

This audit provided an opportunity for HRDC to look at four programs: Youth Internship Canada (YIC), Youth International (YI), Youth Service Canada and Summer Career Placements (SCP). As the management and delivery for each of these programs were very similar, they were examined together.

While the evidence concluded the programs were appropriately managed there were three recommendations for areas of improvement. The recommendations of the audit and comments/ action taken by the Youth Initiatives Directorate (YID) are noted below:

1) HRDC should develop a method to track regional operating expenditures for all program areas including youth and other programs.

Through the Agenda for Renewal process within HRSD, FAS has implemented a management and activity based costing exercise to be implemented in April 2004, which will support the tracking of Regional operating expenditures.

2) Monitoring for Results: The report identified the need for YID to follow up on the risk mitigating strategies with respect to the monitoring of data capture, data integrity and implementation of the Common System for Grants and Contributions (CSGC).

The implementation of tracking and monitoring systems (including participant information) is an ongoing challenge not only for YES programs, but also for all program areas involved in the delivery of employment programs. There are a number of issues that contribute to the situation and steps have been taken to address the issues including the development of a Participant Information Form (PIF), the development of new indicators and accountability sessions with the regions.

The legacy information systems (NESS/Contact IV) have been enhanced to reflect youth requirements and the next release of both Contact IV and NESS, scheduled for release in February and March 2004, will reflect all the new program options for the re-aligned YES. This is expected to significantly improve data capture of participant information.

The YES program's Terms and Conditions were developed with wide flexibility to enable the strategy to respond to the needs of youth. The Results-Based Management and Accountability Framework and Resulted Based Audit Framework were developed to respond the risks and challenges presented through evaluations, audits and research. YID has developed operational guidelines for the re-aligned programs. These guidelines include an annex on accountability, data capture and data entry.

3) YID should continue to monitor and assess activities to increase potential contribution recipients' awareness of youth programs.

A comprehensive Communication Strategy has been developed. A number of initiatives are underway that will assist youth and potential contribution recipients in accessing information and improve awareness of youth programming. The recent merger of the youth internet site is envisioned as being a single electronic source of information for both youth and youth influencers, including employers and potential contribution recipients. The site is a response to the Government of Canada's commitment, through its Government On-Line initiative, to provide Canadians with electronic access to all government information and services.

Various information products and services targeted to benefit youth have been developed including regular local Youth information Fairs, the telephone 1-800 Information Line and the annual *Youth Link* publication that details federal government programs and services for youth.

In addition to the above, YID has developed a Guide to Sponsors which was distributed to all HRCC's in November 2003.

Conclusion

The audit has provided an opportunity to review the Youth Employment Strategy. It also provided an opportunity to adjust programs, to review the horizontal process and to respond to issues, concerns and the findings were included in the re-aligned YES approved in February 2003.

1. INTRODUCTION

As identified in Internal Audit and Risk Management Services' (IARMS) annual audit plan, an audit of Human Resources Development Canada's (HRDC) Youth Employment Initiatives programs was completed. The field work for the audit was undertaken during the period June 2001 to June 2002. This period and the period immediately following the audit, was characterized by significant planning activities to streamline the Government of Canada's Youth Employment Strategy (YES) which was formally adopted in early 2003. The opportunity was therefore taken by IARMS to link the results of this audit as much as possible to key changes in program management.

The Youth Employment Strategy, a key priority for the Government of Canada, was affirmed in the Speech from the Throne opening the Second Session of the 37th Parliament in September 2002:

The Youth Employment Strategy has been successful in increasing job opportunities and experience for young Canadians. But the employment needs of our youth are changing. Government strategies have to keep pace. Working with youth and other partners, the government will redirect its resources in this area to develop skills for the future and to help those who face the greatest barriers to employment.

Information gathered and knowledge gained over the previous five years provided a basis for some modifications to the Program. This experience, in addition to the particular focus articulated by the Speech from the Throne, supported YES renewal that included some re-focus of the Program delivery model and with an added emphasis on skills development. More focused streaming of program initiatives and a greater citizen-centred approach to delivery of services for youth facing multiple barriers to employment are key features of the new Program.

Prior to their streamlining, Youth Employment Initiatives programs within HRDC comprised the following four major program groupings: Youth Internship Canada and Youth International Program, Youth Services Canada, the Student Summer Job Action comprising the Summer Career Placements program and Partners in Promoting Summer Employment Program and related *Employment Insurance Act Part II* programs Information and Youth Awareness. Except where noted, all are contribution programs. Under the renewed Strategy, Youth Employment Initiatives programs move from several existing programs to three focused programs which include: Skills Link (incorporating activities of the former Youth Internship Canada and Youth Services Canada programs as well as new activities), Career Focus (incorporating activities of the former Youth International Program as well as new activities) and Summer Work Experience (formerly the Student Summer Job Action). For the reasons identified below, the Partners in Promoting Summer Employment Program was excluded from the audit's scope.

With the exception of National Youth Employment Projects which is an alternate program delivery option for national organizations and contribution recipients, for the most part Youth Employment Initiatives programs continue to be managed and delivered regionally with national coordination provided by the Youth Initiatives Directorate located in National Headquarters.

As the management frameworks for each of the programs examined had much in common, they were examined together. Except where noted, it is important to appreciate that this report's observations and conclusions are specific to the previous array of Youth Employment Initiatives programs. To add value for program management, links have been drawn to the streamlined programs.

Youth Internship Canada (YIC) was designed to create entry-level work experience opportunities for young people to assist them in making an effective transition from school to work; this also included the Youth International program. Participants had to be either unemployed or underemployed at the time of starting the internship. HRDC provided financial contributions to employers and other contribution recipients who in turn were responsible for the recruitment and selection of participants as well as the provision of work experiences. The aim of the program was to enable young people to gain employability skills and practical work experience. Program expenditures in 2001-2002 were \$61.4 million providing internships for 12,084 participants and involving 2,047² eligible contribution recipients in Canada and abroad.

Since 1997, Youth Service Canada (YSC) was focused on helping young people who face greater barriers to entering the labour market. YSC provided community service work opportunities to youth at risk to acquire life and employability skills while performing community service activities and were managed by eligible contribution recipients that had developed proposals approved by HRDC. Contribution recipients were expected to assist youth with planning career choices, improving employability skills and helping to promote a successful transition to the labour market or return to school. Program expenditures in 2001-2002 were \$34.8 million providing services for 4,051 youths and involving 261 agreements predominantly with community-based, not for profit organizations.

The objective of the Student Summer Job Action was to create summer work experiences for students. The majority of expenditures were a result of the Summer Career Placements program, a component that was designed to create summer employment opportunities through wage subsidies to employers. The program was intended to create career related summer employment opportunities for secondary and post-secondary students and was delivered in partnership with various groups in the private, public and not-for-profit sectors. Program expenditures in 2001-2002 were \$95.6 million providing placements for 52,678 students and involving 32,199 eligible contribution recipients.

² Participant and eligible sponsor data for all programs were obtained from program data bases. However, for reasons stated in audit criterion 3.6, actual results may be different.

Partners in Promoting Summer Employment was intended to encourage contribution recipients who partner with the government of Canada to promote the benefits of hiring students for summer jobs within their region or local communities. Activities included promotion and marketing of the benefits of hiring students through various activities such as community speaking engagements, radio and television advertising. Program expenditures in 2001-2002 were \$774,000 involving 71 agreements with promotion community-based groups and organizations. Due to the low materiality of this program, it was scoped out of the audit.

Information and Youth Awareness was designed to provide timely and relevant labour market information to help youth plan their careers. The Information component developed various information products and services targeted to youth, including the on-line Youth Resource Network (later the Youth Employment Information site), regular Youth Information Fairs, and the 1-800 Youth Information Line. Information comprised activities which promoted HRDC directly and therefore were not eligible for contribution funds; program expenditures in 2001-2002 were \$0.17 million. Only the Youth Awareness component that comprised contribution funds was scoped in the audit. Youth Awareness comprised projects sponsored by employers, employer associations, communities and organizations to help them respond to labour market adjustment requirements and adjustments while better preparing youth to make a transition into the labour force. Contribution funds allocated from *Employment Insurance Part II Employment Benefits and Support Measures* are used to fund awareness activities; expenditures in 2001-2002 were \$18 million and involved 214 agreements with contribution recipients.

The objective of the audit was to provide assurance that Youth Employment Initiatives programs are appropriately managed and that risks are identified and appropriately managed.

The scope of the audit includes only those youth programs as noted above and primarily covers activities observed during June 2001 and June 2002.³ The audit was conducted both at National Headquarters within the Youth Initiatives Directorate and five regions comprising British Columbia, Alberta, Ontario, Quebec and Nova Scotia. The Terms of Reference for the audit also identified the New Brunswick region to be examined. However, the decision was taken to exclude this region from the audit because it wasn't necessary. It was determined that sufficient evidence could be gathered from the remaining five regions and National Headquarters to provide a report with findings and conclusions that could apply on a national basis and be of benefit to all HRDC regions. However, care must be taken when applying the results to those regions outside those examined.

Taking into consideration the requirements of the Treasury Board Secretariat's Policy on Transfer Payments and guidelines, audit criteria under the following four areas were adopted: program mandate and strategy, accountability for results, supporting program capacity and program monitoring. The management frameworks for each of the key program elements

³ Reliance was placed on quality assurance file reviews conducted by Performance Tracking Directorate with *start* dates between February 2000 and March 31, 2001. However it should be noted that the activities undertaken in the files examined would have in many cases extended into the examination period. While reviews were performed in different batches over different time periods, results were used where possible to identify changes in performance over time.

were assessed by way of previous audits, reviews and studies of Youth Initiative Programs including those undertaken by IARMS, the Auditor General of Canada and HRDC Program Management Initiative reviews. In addition, IARMS facilitated risk and control self-assessment sessions attended by key program management and program delivery staff for the five regions and YID, identifying risks and strategies for mitigating those risks in all program areas.

Findings from the initial assessment phase were verified during extensive interviews with key program managers and program delivery officers and by analysis of supporting documentation. The audit placed reliance on 254 quality assurance file review results reported by HRDC's Performance Tracking Directorate, whose mandate is to provide assurance that grants and contributions funds are being appropriately managed and expended in accordance with program terms and conditions. The Directorate had reviewed a total of 154 youth program files (comprising Youth Internship Canada, Youth International, Youth Service Canada and Youth Awareness) conducted in four different time periods for agreements with start dates between February 1, 2000 and March 31, 2001. Another 100 Summer Career Placements program files that were funded between April 30, 2001 and September 1, 2001 were reviewed. Although the reviews are not statistically valid, Performance Tracking Directorate results are considered to be a good basis to draw conclusions on the administrations of grants and contributions in the Youth Employment Initiatives program.

This internal audit was conducted in accordance with both the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

See *Appendix A: Audit Objectives, Criteria and Methodology* for more detailed information regarding the audit criteria and methodology used to undertake the audit.

2. AUDIT FINDINGS

All significant audit findings are presented in this section in accordance with the audit objective and criteria, which are described in detail within *Appendix A Audit Objectives, Criteria and Methodology*. They include assurance statements on all of the criteria regardless of whether or not the performance expectations have been met.

2.1 Audit Objective:

To provide assurance that Youth Employment Initiatives programs are appropriately managed and that risks are identified and appropriately managed.

Audit Criterion No. 2.1.1: Program objectives are clearly stated, understood and measurable.

To meet this criterion, there was an expectation that for Youth Employment Initiatives programs:

- objectives are clearly stated and understood;
- Terms and Conditions are clearly stated and understood;
- outcome and result measures are clear; and
- priorities are reviewed for consistency with program objectives.

It was observed that overall the above expectations have been met.

Evidence to support this assertion was provided by generally positive responses to the control self-assessment questionnaire, PTD quality assurance reviews and interviews with responsible managers and program delivery officers.

Responses to the control self-assessment questionnaire were categorized almost entirely as “somewhat clear” and verified during follow-up interviews. We also observed there is consistency among program objectives articulated in the Terms and Conditions, program operational guidelines and various policy documents.

PTD quality assurance file reviews noted that while there is an overall high level of compliance to departmental and Treasury Board Secretariat policies and procedures, administrative improvements can be made. Improvements that are necessary include: demonstrating in the Summer Career Placements agreements more clearly how approved activities support program objectives; ensuring stated objectives for Youth Internship Canada, Youth Service Canada and Youth Awareness programs include measurable milestones; and that the text of the agreement for all youth programs match the program utilized.

Another area for improvement identified during the interviews concerned the clarity of Youth at Risk objectives relative to HRDC’s then existing range of youth programs. It was felt that the range of programs may not have been entirely suitable to meet the

special needs of these youths. Many pointed to the fact that while the Terms and Conditions allow for Youth Employment Assistance Strategies (EAS) and Youth Skills Development (SD) components, the authority to utilize them did not exist prior to the renewed Strategy. Youth EAS-type activities and individual skill enhancement activities are included in the new Skills Link activities approved in February 2003 for implementation as of April 1st. The individual Skills Enhancement component is subject to provincial agreement with planned implementation by Spring 2004. While they present challenges, these changes are expected to result in a greater likelihood that youth at risk needs will be met.

Audit Criterion No. 2.1.2: The program's policies, procedures and operational guidelines are clearly defined and consistently applied.

To meet this criterion, there was an expectation that for Youth Employment Initiatives programs:

- guidelines for each of the youth programs existed and were clearly stated and understood;
- there was adequate support and guidance for additional interpretation;
- policies, procedures and guidelines were clearly communicated; and
- contribution agreements demonstrated a high degree of compliance with national policies, procedures and guidelines.

It was observed that overall the above expectations were met.

The Youth Employment Initiatives Terms and Conditions for Grants and Contributions purposely allow for some flexibility so that significant decisions regarding the implementation of youth programs can be made at the regional and local levels. Therefore, it would have been reasonable to find some variance among the regions examined. The Terms and Conditions clearly state that the intent of youth programs is to meet the full spectrum of youth employment needs, and create a climate of opportunity for youth in all regions. In so doing, the program should ensure that there is full access to the program by equity groups while at the same time addressing the unique labour market needs of Aboriginal youth, youth at risk, homeless youth and youth with disabilities. An eligible participant is defined as a youth (defined as being a person normally between 15 and 30 years of age) legally entitled to work in Canada participating in an eligible activity. No further guidance or restrictions were provided.

Youth Initiatives Directorate developed national guidelines in June 2001 for each of the youth programs examined in order to provide specific guidance as to how program objectives could be met. In all of the regions examined, in order to focus on specific regional needs, some regional and local youth policies, procedures and guidelines different from the national guidelines have been developed which place further restrictions on the national interpretation of the Terms and Conditions. In our view, this in itself is not a problem. However, it may be suggestive of the problem that exists for clarity and consistency of interpretation that was observed during the examination period.

There were responses provided in the control self-assessment questionnaires and in our follow-up interviews, which indicate a need for improvement with respect to the additional interpretation of guidelines and their communication to ensure clarity and consistency.

In our view, greater clarity and consistency for program policies, procedures and guidelines will be achieved by recent changes and planned activities. These include:

- realignments and improvements to the information desks located at Youth Initiatives Directorate and Regional Headquarters;
- implementation of a national Frequently Asked Questions and Answers Intranet site;
- issuance of new policy papers to provide greater understanding;
- the ability to use all of the tools specified in the Terms and Conditions for the renewed Youth Employment Strategy; and
- the requirement communicated to Regions that they adhere to National guidelines and only further restrict national guidelines when agreed to by National Headquarters.

In our view, this could be further enhanced by the staffing of advisory positions with persons who have both program specific knowledge and youth program delivery experience. In addition, it would also be useful to coordinate information provided in regional websites with the national website. For example, it would be useful for the regions to inform National Headquarters where the regional guidelines differ from the national guidelines so that the national website could indicate the differences and provide appropriate links to them.

Performance Tracking Directorate results demonstrate that overall, youth program contribution agreements demonstrate a high degree of compliance to departmental and Treasury Board policies and procedures with the majority of responses obtaining a compliance rate of 90% or better. Youth Initiatives Directorate expects that many of the observations for non-compliance will be or will have been corrected through form revisions, implementation of controls to the Common System for Grants and Contributions and Government On-Line provisions.

Audit Criterion No. 2.1.3: Planning and resourcing exercises are regularly undertaken to ensure that the program meets its objectives.

To meet this criterion, there was an expectation that for Youth Employment Initiatives programs:

- appropriate business plans at the national and regional level exist;
- priorities are reflected in the business plans;
- resourcing strategies have been developed for youth program priorities; and
- resourcing strategies are reflected in the business plans.

While our audit confirmed the existence of national and regional business plans with priorities reflected therein, the lack of resourcing strategies was identified in the control self-assessments for three of the five regions with opportunities for improvement noted in the other two regions and YID.

Each year, the Youth Initiatives Directorate at National Headquarters issues to the regions their budget allocation for youth programs. National and regional targets for program participants, youth employed, youth returns to school and equity group participation are also established based on available demographic information including Census data and performance and evaluation results from previous years. The regions, in turn, allocate youth program funds to their local HRCCs and identify regional and local priorities which, for the most part, are consistent with national priorities.

Previous reviews and our interviews have noted there is no information on the actual cost to deliver youth programs because it is the Department's practice to roll up the operating resources for all programs into regional A-base allocations. Regional Executive Heads have full flexibility on the use of A-base funds but are not required to report on how the resources are actually used for all programs including youth. Therefore it is difficult to ascertain the optimal level of resources that are required to deliver youth programs effectively.

An analysis of actual program expenditures compared to budgeted amounts for four years beginning in 1998-1999 reveal significant program dollar lapses for Youth Service Canada and Youth Internship Canada ranging from 4% to as high as 44%. Program officials cited reasons for the lapses include the late timing and distribution of budget allocations in a piecemeal fashion that prevents effective planning, temporary operational interruptions caused by major changes in the way grants and contributions are administered, and the transition to the June 2001 youth program operational guidelines. Also contributing is the possibility that local HRCCs may be more inclined to secure significantly larger value contribution agreements for other HRDC grant and contribution programs that take the same amount of effort as lower value youth agreements. While it may be reasonably hypothesized that regions with relatively more project officers to administer youth agreements, would lapse fewer dollars, we did not find this to be supported. In our view, in some cases, regions with higher ratios of project officers to agreements managed lapsed significantly more funds. It is clear that more information on program operating costs is necessary to determine the optimal level of resourcing and prevent budget lapses.

Recommendation No. 1:

Resourcing strategies to attain youth program priorities should be articulated in regional and national plans. The Department should develop a method to track regional operating expenditures for youth and other programs.

Audit Criterion No. 2.1.4: Management understands the risks facing the program and a risk mitigating strategy is in place.

To meet this criterion, there was an expectation that:

- risks in achieving youth program objectives have been assessed and validated;
- strategies have been implemented to mitigate the risks; and
- strategies implemented to manage the risks are monitored and adjusted as necessary.

This criterion is largely met. During the course of the audit, IARMS facilitated risk and control self-assessment sessions attended by key program management and program delivery staff for the five regions and YID, identifying risks and strategies for mitigating those risks in all program areas. As reflected elsewhere in this report, the audit work largely confirmed the existence of these risk areas and, in our view, the strategies adopted address the risk areas.

Although there is no formal reporting of the progress of strategies to address significant risk areas, we did observe various ways in which they were evaluated on an ongoing basis. For example, regional workshops and semi-annual national youth coordinator workshops and policy papers during the period examined addressed the key risk areas identified in the risk sessions and means for improving them. We also observed, however, there is no formal means for monitoring risks and the implementation of risk management strategies which may leave the program vulnerable to dropping a key risk area. This risk increases as key program officials and managers leave taking with them corporate memory.

Audit Criterion No. 2.1.5: Roles and responsibilities are clearly defined and transparent.

To meet this criterion, there was an expectation that:

- responsibilities and accountabilities are clear and understood;
- there are no significant gaps and / or overlaps in roles and responsibilities; and
- partners / contribution recipients of Youth Employment Initiatives programs know what is expected of them after an agreement is signed.

It was observed that overall the above expectations were met.

Most regions reported in the control self-assessment that responsibilities and accountabilities are clear with relatively few gaps and or overlaps. However, the role of the program advisors was raised frequently as a potential area of concern by some. Good program specific knowledge and youth program delivery experience are critical for providing guidance in interpretation of the guidelines.

Risk self-assessment results and interviews have pointed to the complexity of federal and provincial / territorial relations involved in youth programming. Responsibility for youth who are “in school” rests with the provinces and territories and with both levels of government for youth “out of school”. There is recognition of the importance of good relationships to achieve Youth at Risk objectives which emphasize the importance

of returning to school. Youth Program Terms and Conditions and guidelines state the need to work cooperatively with the provinces / territories to avoid duplication. Many of the regions stressed the importance of working cooperatively to identify priorities and allocate resources. To this end, some of the regions have developed Youth Protocol Agreements including Nova Scotia, Newfoundland and Labrador, New Brunswick, Prince Edward Island and Manitoba. While these agreements do not transfer any decision making or funds to the provinces, they establish formal mechanisms for sharing information to ensure programs are complementary and efficient.

The control self-assessment results weren't as favorable with respect to contribution recipients knowing what is expected of them. A Guide for Sponsors which was developed in May 1999 was updated in Fall 2001. A new Guide for Applicants, to reflect the streamlined Youth Employment Strategy, has since been developed and is currently available on the national youth website (www.youth.gc.ca).

Audit Criterion No 2.1.6: Performance indicators and mechanisms (including data-capture infrastructure) are in place to measure and report on project and program performance and outcomes.

To meet this criterion, there was an expectation that:

- appropriate performance indicators and other means have been developed to measure and report on project and program performance outcomes and results;
- program outcomes and results are monitored against planned results; and
- project and program outcomes and results that are measured against predefined goals and objectives are periodically reported.

The two primary performance measures used by Youth Employment Initiatives programs to identify, track and report results include: the number of youth employed and number of youth returned to school identified by region, type of intervention and monetary investment. These are supplemented with the number of youth clients served and youth at risk clients served. Annual targets for each region and for the program as a whole have been established for Youth International, Youth Internship Canada and Youth Service Canada and are monitored on a monthly basis.⁴ For 2001-2002, the number of youth employed following program interventions reached 78% of target and 111% for youth returned to school; for 2000-2001, this was 77% and 57% respectively. The results against targets for each region by intervention are circulated to the regions on a quarterly basis.

Risk and control self-assessment results and interviews consistently noted dissatisfaction for placing exclusive reliance on youths employed and youths returned to school as effective measures of program performance. It was widely acknowledged that program outcomes and achievements for youth at risk include interventions that are not captured by these measures – for example, the completion of an employment plan or enrolment in life skills programming. As part of the new programs developed under the renewed Youth Employment Strategy, YID has developed a Risk-based Audit Framework and a

⁴ Targets are not established for the Summer Career Placements program because experience has shown that the high demand for the program results in program take-up close to 100 percent in any event.

Results-based Management and Accountability Framework which identify measures that go beyond these traditional measures and techniques for their collection. This is in part due to the change in program focus from program-based services to client-based services which are designed to offer a flexible menu of support services and skills development and work experience that are expected to occur over the long-term in preparation for youths entering the labour market.

Our review of previous evaluation, reviews and current data demonstrate there are long standing issues with respect to data integrity and adequacy of information systems to collect results. In our view, it is likely that the results reported above are misstated with the likelihood of under reporting.

For all Youth Employment Initiatives program participants, employed and returned to school results that can be reasonably attributed to program interventions are to be entered into Contact IV or similar system at the end of the client's action plan. Contact IV is the software application HRDC has developed for use by external service providers to capture information on their case-managed clients. Elements of the case file are then uploaded to HRDC's National Employment Services System (NESS).

The participant's action plan has been identified by Youth Initiatives Directorate as an integral part of its accountability framework in that the creation of the client action plan triggers the "tracking for results" process. To create an action plan, a NESS client record must exist. We observed the NESS information system is missing significant amounts of data. A comparison with the data stored in the Human Resources Investment Fund (HRIF) System, a system which contains records of agreements signed with third parties to deliver services and interventions to youth, contains significantly greater numbers of youth clients served. For 2000-2001, the HRIF System recorded 26,262 youth clients served where as the number of youth clients served recorded in NESS was only 9,149; for 2001-2002, the number of youth clients served were recorded as 15,638 and 10,352 respectively. Percentages of yearly results achieved against targets established are based on NESS data.

We were informed by program officials of the possible reasons for the large discrepancies in data recorded by NESS and the HRIF. In cases where the capacity by service providers doesn't exist to use Contact IV, results information is collected using Personal Information Forms that may not yet be entered into NESS. This task is generally viewed as low priority relative to the many other tasks to be completed and subsequently isn't completed in full. As well, Contact IV could have been completed but the upload to NESS did not occur at the time the percentages were calculated. It has also been suggested that the number of youths have been over estimated by the HRIF System – specifically, Youth at Risk coding may be incorrect on applications, approvals and agreements.

YID in its communications with the regions have noted problems with data integrity indicating that the accountability process and reporting of accomplishments is compromised by not accurately capturing client data. We agree with this conclusion. Several strategies have been developed by management to address the problem including the provision of training sessions on performance measurement and data capture; conducting youth, contribution recipients and partner surveys to collect data and track results; and full implementation of the Grants and Contributions Common System including the replacement of Contact IV with a web-based client module during 2004 for participant-based programs including youth.

Recommendation 2:

Youth Initiatives Directorate should:

- *ensure that risk mitigating strategies with respect to performance indicators and data-capture and integrity identified in the Risk-based Audit Framework for the renewed Youth Employment Strategy are implemented and monitored for results;*
- *ensure the new measures identified in the Risk-based Management and Accountability Framework are fully developed and implemented; and*
- *continue to monitor the implementation of the Common System for Grants and Contributions to ensure data integrity issues are fully addressed.*

Audit Criterion No. 2.1.7: Appropriate administrative and financial controls have been designed and implemented.

To meet this criterion, there was an expectation that:

- appropriate administrative and financial controls have been implemented to ensure compliance with policies, procedures and guidelines;
- Performance Tracking Directorate findings have been resolved; and
- regional quality control and review mechanisms are in place.

It was observed that overall the above expectations were met.

Evidence to support this opinion was drawn from the extensive number of quality assurance reviews carried out by HRDC's Performance Tracking Directorate, an organization independent of the programs it reviews. The mandate of the Directorate is to provide assurance that grants and contributions funds are being appropriately managed and expended in accordance with program terms and conditions. Generally, their assessment is based on a checklist of about 100 questions, pertinent among other things to the application, assessment, recommendation and approval, contracting, payments and monitoring phases of the lifecycle for grants and contributions. The Directorate had reviewed a total of 154 youth program files (excluding the Summer Career Placements program) conducted in four different time periods for agreements with start dates between February 1, 2000 and March 31, 2001. Another 100 Summer Career Placements program files that were funded between April 30, 2001 and September 1, 2001 were also reviewed. The quality assurance reviews are considered to be statistically valid at the Summer Career Placements program level.

For youth programs excluding Summer Career Placements, we analyzed the findings for 77 relevant questions⁵ by two distinct periods: files with agreement start dates between February 1, 2000 and June 30, 2000; and files with agreement start dates between September 21, 2000 and March 31, 2001. We made this distinction based on the fact that HRDC introduced significant changes to its management of grant and contribution programs in September 2000. As such, we wanted to know whether improvements over previous practices could be observed. An overall compliance rate of 90% or better was achieved for 77% of the questions. Taking into account improvements observed in the second period, the number of questions with a compliance rate of 90% or better increased to 81%.

The most significant areas for improvement identified (i.e., less than 75% compliance) included: formal confirmation of essential funding from other sources; clarity of the schedule and basis of payment in the agreement; completion of commitments prior to HRDC signing the agreements; budget forecasts amended as required; completion of the risk assessment and monitoring prior to the agreement start date; verification of contributions from other partners during financial visits; and use of national forms created for the Contributions Project File as per the Assistant Deputy Minister directive issued September 2000.

For the Summer Career Placements program, Performance Tracking Directorate selected 100 agreements funded between April 30, 2001 and September 1, 2001. The sample was selected to ensure it reflected proportional activity in each of the 10 regions. Based on the file review results related to 45 relevant⁶ compliance questions, a high level of compliance in the overall administration of the program was observed with an appropriate level of documentation and control in most areas within the project lifecycle. An overall compliance rate of 90% or better was achieved for 93% of the questions.

The most significant areas for improvement identified (i.e., where less than 75% compliance was achieved) included: ensuring a rationale for recommendation for funding was on file; and completion of commitments prior to HRDC signing the agreements.

It is HRDC's policy that all non-compliant responses are reported to the appropriate regional program officials for resolution. As part of our audit procedures we reviewed the management action plans for some of the results to assure ourselves this practice is followed. YID officials informed us these observations were to be addressed through the introduction and integration of revised Youth E-forms, changes introduced as part of the Common System for Grants and Contributions and Government On-Line initiatives. For example,

⁵ While PTD applied the entire 100-question checklist to youth program files, some questions were not applicable as each file reviewed was in different stages of the project's lifecycle. Questions pertinent to the latter stages of the cycle were impossible to answer for some files because they hadn't yet happened at the time they were reviewed. As well, where the number of responses to questions were so low as to not allow for a meaningful conclusion, a not applicable response was recorded.

⁶ While PTD applied a 64-question checklist to Summer Career Placements files, some questions were not applicable as each file reviewed was in different stages of the project's lifecycle. Questions pertinent to the latter stages of the cycle were impossible to answer for some files because they hadn't yet happened at the time they were reviewed. As well, where the number of responses to questions were so low as to not allow for a meaningful conclusion, a not applicable response was recorded.

systems-generated controls are built into the Common System for Grants and Contributions to ensure compliance in that it will not allow Project Officers to proceed to the next step in processing agreements without first performing required steps, e.g., completion of commitments prior to HRDC signing the agreement.

Audit Criterion No. 2.1.8: There are processes in place to clarify policies, resolve issues and ensure good communications with partners and stakeholders.

To meet this criterion, there was an expectation that:

- national and regional communication strategies and tools are in place to clarify policies and resolve issues; and
- there is good communications with partners and contribution recipients of youth programs.

During our interviews, risk self-assessment sessions and control self-assessment sessions involving key program managers and project officers, the need for improvement was consistently identified in the following areas: availability of program awareness or marketing information for potential contribution recipients to help ensure the selection of the best contribution recipients and partners; and the availability of information and tools for existing contribution recipients to address sponsor capacity issues. However, as we also observed that considerable activity is underway to address these issues, it is our opinion the above expectations will be met.

The Communication Plan for Youth Employment Initiatives includes a 1-800 Youth line which provides information to youth and contribution recipients about youth programs, the Youth Employment Information website (www.youth.gc.ca) which includes employment information for youth as well as information on HRDC Youth Employment Programs for youth, employers and youth serving agencies, and tools such as *Youth Link* and *Employer Link* which provide comprehensive information on Government of Canada Programs and Services for youth.

With the exception of the Summer Career Placements program, the need to improve potential contribution recipients' awareness of youth programs was previously identified by an earlier review and was continued to be reported to us by every region examined during the course of this audit. It was suggested that while it may be the case that the same contribution recipients used year after year are effective for achieving program objectives, it is not certain that other contribution recipients who are unaware of the programs may be even more effective. Upon learning of this concern we looked to identifying what information was available to potential contribution recipients to increase their awareness of youth programs. We were surprised by the amount of material that was available but that Project Officers were not aware of its existence. Youth Initiatives Directorate had distributed to regional headquarters and local HRCCs later in 2001 an information tool kit which, among other things, included the following:

- Proposal Guidelines for Sponsors (August 2001);
- order sheet for promotional items available;

- description of publications related to youth available from HRDC and other government departments;
- Youth at Risk Checklist for Sponsors (no date);
- Promotional Guidelines for Youth International Projects (no date);
- Youth at Risk Interim Operational Guidelines (August 2000);
- list of acronyms (August 2001);
- highlights of amendments to the Guide for Sponsors and Employers (no date);
- Fact Sheets for Youth Internship Canada (May 1999), Youth Services Canada (May 1999), Student Summer Job Action (May 1999), Youth Employment Initiatives (May 1999);
- power point presentation of Canada's and HRDC's Youth Employment Strategy that can be used to make community presentations (no date) and website address; and
- sponsor generic application form (no date) and website address.⁷

At the time of our audit, plans to revise the kits and fact sheets were placed on hold pending approval of proposed changes to HRDC programs under the Youth Employment Strategy. We have been informed by program management that revised fact sheets and promotional material were distributed to Regions and local HRCC's in April 2003 to support the implementation of the streamlined YES which came into effect as of April 1, 2003.

One of the most consistently articulated concerns related to the need for a sponsor guide that provides instructions on how to complete required forms (for example, payment and activity reporting requirements used by HRDC to monitor progress) once an agreement is signed. Many reported contributions recipients are not completing forms accurately resulting in a high level of omissions and errors throughout the project lifecycle that require Project Officers to spend time calling contributions recipients to correct or acquire missing information. A Guide for Sponsors was developed and distributed to the regional offices and local HRCCs in 2002.

It has long been recognized that the experience, capacity and activities of partners directly affect the achievement of youth program objectives. Recognizing this fact, for existing programs and the renewed Youth Employment Strategy, strategies have been implemented to enhance the likelihood of selecting the best partners and increasing their capacity; these include:

- implementing administrative streamlining efforts to reduce perceived administrative burden which may deter existing and potential partners;
- consulting with regional and local stakeholders, participating in interdepartmental meetings and interdepartmental consultation through a secured website to discuss relevant issues and means for ensuring effective management of partners;

⁷ While available at the time of printing the information package, the generic application form is no longer posted on the website.

- developing interdepartmental⁸ guidelines including, among other things, the management of partners;
- providing mandatory training on partnership and community development for all HRDC youth program staff;
- a commitment to develop standardized client assessment tools including the identification of core questions to ensure the optimal selection of partners;
- utilizing employer surveys to determine needs of partners;
- consultation and planning exercises with community stakeholders to ensure optimal use of partners;
- providing flexibility to partners within allowable parameters; and
- enhancing partner capacity through the use of focus groups where experienced partners share expertise with / mentor less experienced partners.

Recommendation 3:

Youth Initiatives Directorate should continue to monitor and assess the effectiveness of recent actions and planned activities to address concerns regarding the availability of information designed to increase potential contribution recipients' awareness of youth programs and increase their understanding and capacity for administrative requirements.

Audit Criterion No. 2.1.9: Program staff have access to needed resources, information, skills, tools and training to ensure successful delivery.

To meet this criterion, there was an expectation that:

- program staff have access to needed resources (i.e., full-time equivalents and operating funds) to ensure the successful delivery of youth programs;
- program staff have access to needed information and tools to ensure the successful delivery of youth programs; and
- program staff have necessary skills and training to ensure the successful delivery of youth programs.

We were unable to draw a conclusion with respect to whether program staff have access to needed resources and accompanying concerns regarding recruitment and retention. With respect to information, tools, skills and training, in our view, expectations have or will be met by current and planned activities.

Risks with respect to program staff capacity and strategies to mitigate these risks were identified frequently in our interviews, risk self-assessment sessions and control self-assessment sessions involving key program managers and Project Officers. The need for improvement was identified for the following areas: access to operating resources and related concerns for recruitment and retention; skills and training; and information systems.

⁸ YES comprises 14 federal government departments of which HRDC is the lead department.

In response to the above stated concerns for resourcing, we requested from Youth Initiatives Directorate and the regions examined data pertaining to the number of full time equivalents dedicated to youth programs, training taken, and the number and duration of vacant positions. However, this information for the most part was not readily available and had to be estimated. As previously reported in criterion three, there is no information on the actual cost to deliver youth programs or other programs because it is the Department's practice to roll up the operating resources into the regional A-base allocations.

We found the resulting estimates demonstrate a wide range in the number of Project Officers used to administer youth agreements. By way of explanation for the wide variations, during our interviews, we were informed:

- The frequent turnover of Project Officers has resulted in a number of relatively inexperienced Project Officers creating skills gaps for effective delivery. Project Officers who do not appreciate the full scope of options provided by the suite of youth programs, may take more time than more experienced Project Officers to negotiate and administer agreements.
- Not all agreements have the same degree of complexity, for example, while Youth Service Canada agreements are less frequent, they are more complicated to negotiate and administer than Summer Career Placements agreements which are straight forward but are significantly higher in volume.
- Except for very large urban HRCCs, most HRCCs do not have Project Officers that are dedicated full-time to youth programs; rather they are responsible for delivering a wide variety of grant and contribution programs in addition to youth programs.

Given all of the above, it is not possible to determine whether one region could benefit from utilizing more Project Officers. Even with the estimated number of vacancies identified, it does little to reveal whether program resources are sufficient or insufficient in terms of their actual number of Project Officers.

As already noted in audit criterion 6, there are multiple information systems used for administering youth programs (National Employment Services System and Human Resources Investment Fund System) and tools for gathering information (Contact IV and Online Data Information Network) that are not integrated. As such, entries must be made to each system which frequently results in inconsistencies in information provided. In our view, this could adversely affect the efficient and effective delivery of youth programs. However, full implementation of the Common System for Grants and Contributions including the development of a client module for recording performance information should satisfy the concerns identified.

We observed the practice of regional workshops and youth coordinator semi-annual meetings directed at providing youth program specific information updates and training to individuals who were in turn expected to provide it to others in their region. During the course of the audit, skills and training gaps pertaining to financial monitoring were identified by program officials as problematic. Most regions informed us that the majority of their Project Officers have taken HRDC's mandatory grants and contribution training – half of which is dedicated to financial monitoring. However, course evaluation questionnaires completed by participants reveal that "...the majority of the program delivery staff do not feel comfortable with monitoring financial records, and this discomfort exists even when the staff have taken the Program Delivery training with its financial monitoring lesson". An action plan to address this concern has been developed by Employment Programs Branch officials responsible for training. As shown in criterion 11, the results of Performance Tracking Directorate quality assurance reviews with respect to monitoring are generally good; however, there is room for improvement. Program management is encouraged to continue to pay attention to this area and support further training.

Audit Criterion No. 2.1.10: There is sufficient internal communication to ensure that program staff have consistent and timely information for program delivery.

To meet this criterion, there was an expectation that:

- program staff be given consistent and timely information to ensure effective program delivery;
- Youth Initiatives Directorate communicates well with the regions; and
- Regional Headquarters communicates well with local HRCCs.

It was observed that overall the above expectations were met.

We observed there are several means used to communicate information internally to program staff including regional workshops, semi-annual youth coordinator conferences, monthly conference calls with regional and national youth Program Consultants where representatives are in turn expected to disseminate the information within their regions as well as frequent information circulars and policy papers. However, our interviews, risk self-assessment sessions and control self-assessment sessions involving key program managers and Project Officers revealed problems with respect to the consistency of information – primarily with respect to the interpretation of guidelines – provided by Youth Initiatives Directorates and youth program advisors at Regional Headquarters. See criterion 2 for findings, related recent changes and planned activities to address issues regarding the communications of guidelines.

Audit Criterion No. 2.1.11: Contribution agreements are being effectively monitored as part of the Quality Control Framework to ensure that funds are spent according to the terms and conditions of the contribution agreements.

To meet this criterion, there was an expectation that:

- contribution agreements are effectively monitored by program officials for compliance with the Youth Employment Initiatives Terms and Conditions;
- funds are spent according to the Youth Program's Terms and Conditions;
- HRDC's Quality Assurance Framework for Youth Employment Initiatives programs has been clearly defined, understood and successfully implemented.

While there is room for improvement, it was observed overall that the above expectations were met.

For confirmation that contribution agreements are effectively monitored and funds are spent in accordance with the Youth Employment Initiatives Terms and Conditions, we looked primarily to the results of the quality assurance reviews conducted by the Performance Tracking Directorate. As noted in audit criterion 7, the Directorate had reviewed a total of 154 youth program files (comprising Youth Internship Canada, Youth International, Youth Services Canada and Youth Awareness) conducted in four different time periods for agreements with start dates between February 1, 2000 and March 31, 2001.

The results demonstrated a compliance rating of 95% that project activities meet program terms and conditions and a 94% or better compliance rating for monitoring on all questions tested except in three areas: completion of the Risk Assessment and Monitoring Plan prior to the agreement start date (74%), carrying out monitoring according to the plan or including on the file the rationale for not doing so (88%) and verifying contributions from other partners during financial visits (48%).

Of most concern is the absence of the Risk Assessment and Monitoring Plan completed prior to the agreement start date. This document provides guidance to the Project Officer in determining the appropriate amount of monitoring required by each agreement based on risk. In other words, it helps ensure that agreements with relatively low risk are not over-monitored and that agreements with high levels of risk are not under-monitored. While the quality assurance review results confirm monitoring has occurred (monitoring report(s) were on file for 99% of the agreements reviewed), it may not have been carried out at the level commensurate with the level of risk. Also of concern is the fact that even when a plan is on file, it may not be carried out as required by the risk assessment. As noted in criterion 9, program management is encouraged to continue to pay attention to this area and support further training.

The relatively low compliance rate at 48% is less of a concern given that contributions from other partners is not a significant program characteristic. Of the 154 files reviewed, only 25 had contributions from other partners. Program management is encouraged to ensure contributions from other partners are verified during financial visits.

Another 100 Summer Career Placements program files that were funded between April 30, 2001 and September 1, 2001 were also reviewed by the Performance Tracking Directorate. The quality assurance reviews are considered to be statistically valid at the Summer Career Placements program level. The results demonstrated a compliance rating of 100% that project activities meet program terms and conditions and a 100% compliance rating for monitoring on all questions tested.⁹

During the course of our regional visits we verified the existence of key components of HRDC's Quality Assurance Program including that of Program Officer Consultants, Program Compliance Officers and the Performance Tracking Directorate. Our control self-assessment (CSA) responses indicated, however, that more could be done to clarify these positions. Subsequent to issuing the CSA, a new directive describing these roles was issued by the responsible Assistant Deputy Ministers in April 2002.

⁹ For the question, "Issues requiring follow-up have been identified", eight of nine files for which it was applicable were compliant. A sample of nine however was determined to be too small to derive a meaningful compliance rating.

3. CONCLUSION

We concluded that based on the evidence examined in support of the audit criteria, Youth Employment Initiatives programs are appropriately managed and risks are being identified and appropriately managed.

In our professional judgment, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the performance of the program as it existed at the time against the audit criteria. The conclusions are only applicable for the Youth Employment Initiatives programs specified in the audit's scope and for the regions examined.

This internal audit was conducted in accordance with the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

APPENDIX A

AUDIT OBJECTIVES, CRITERIA AND METHODOLOGY

AUDIT OBJECTIVE

The objective of the audit was to provide assurance that Youth Employment Initiatives programs are appropriately managed and risks are being identified and appropriately managed.

AUDIT CRITERIA

The audit assessed the management frameworks and operational processes of specified Youth Employment Initiatives programs, based upon the following criteria:

Program Mandate and Strategy:

1. Program objectives are clearly stated, understood and measurable;
2. The program's policies, procedures and operational guidelines are clearly defined and consistently applied;
3. Planning and resourcing exercises are regularly undertaken to ensure that the program meets its objectives;
4. Management understands the risks facing the program and a risk mitigation strategy is in place.

Accountability for Results:

5. Roles and responsibilities are clearly defined and transparent;
6. Performance indicators and mechanisms (including data-capture infrastructure) are in place to measure and report on project and program performance and outcomes;
7. Appropriate administrative and financial controls have been designed and implemented;
8. There are processes in place to clarify policies, resolve issues, and ensure good communications with partners and stakeholders.

Supporting Program Capacity:

9. Program staff has access to needed resources, information, skills, tools and training to ensure successful delivery;
10. There is sufficient internal communication to ensure that program employees have consistent and current information within and across the programs.

Program Monitoring:

11. Contribution agreements are being effectively monitored as part of the Quality Control Framework to ensure that funds are spent according to the terms and conditions of the contribution agreements.

AUDIT METHODOLOGY

The audit was conducted at Youth Initiatives Directorate (YID) located at national headquarters and five regional locations comprising British Columbia, Alberta, Ontario, Quebec and Nova Scotia. The management frameworks for each of the programs scoped in for audit was assessed by the following means:

- risk and control self-assessment sessions with YID and regional staff;
- interviews with YID and regional staff;
- examination of relevant documentation including Performance Tracking Directorate quality assurance reviews; and
- analysis of information.

The initial assessment of the management frameworks for each program was provided through analyses of the findings, recommendations and proposed management action strategies identified in the October 2000 Auditor General Report and recent Program Management Studies.

Seven risk and control self-assessment sessions were facilitated by IARMS for YID (July 2001) and the regions (November 2001 through January 2002) in order to identify and assess risks facing Youth Employment Initiatives programs and to vote on control statements related to the audit criteria. Interviews with regional program officials were conducted within the same time period. Interviews with YID program officials took place largely in spring 2002 where upon the July 2001 risks were reconfirmed.

Reliance was placed on 254 relevant quality assurance reviews performed by HRDC's Performance Tracking Directorate, whose mandate is to provide assurance that grants and contributions funds are being appropriately managed and expended in accordance with program terms and conditions. This replaced the need for the audit to conduct a separate file review. In order to fulfill its mandate, the Directorate uses a rigorous sampling methodology to draw its sample of files for review.¹⁰ This methodology was developed in consultation with IARMS and was subsequently reviewed by the Office of the Auditor General (OAG) of Canada. The methodologies for file reviews, financial reviews of sponsor documentation and quality assurance were also reviewed by IARMS and the OAG.

¹⁰ A more detailed explanation of the sampling methodologies employed by Performance Tracking Directorate may be found in the IARMS publication *Audit of the National Grants and Contributions Performance Tracking Directorate Activities* located at the following website <http://www.hrsdc.gc.ca/en/cs/fas/iarms/toc.shtml>.

| Program | Quality Assurance Reviews |
|-------------------------|---------------------------|
| Youth Internship Canada | 58 |
| Youth Services Canada | 40 |
| Youth Awareness | 51 |
| Youth International | 5 |
| Summer Career Placement | 100 |
| Total: | 254 |

All findings of the audit were presented to appropriate program staff both at YID and the regions for discussion and validation.

An advisory committee was established for the duration of the audit. Advice was sought from Youth Initiatives Directorate management in the selection of members, with the Audit Director chairing the committee. The advice of the committee was sought to elaborate on the audit's scope, objectives, criteria and approach, as well as to provide another level of assurance with respect to significant matters and issues that are reported.

AUDIT SCOPE:

The field work for the audit of the Youth Employment Initiatives programs was undertaken during the period June 2001 to June 2002. At that time, Youth Employment Initiatives programs within HRDC comprised the following four major program groupings: Youth Internship Canada and Youth International Program, Youth Services Canada, Information and Youth Awareness and the Student Summer Job Action comprising the Summer Career Placements program and Partners in Promoting Summer Employment Program. Only the contributions component of Information was scoped in the audit. The Partners in Promoting Summer Employment Program was also scoped out due to its low materiality (\$786,000 in 200-2001) relative to the other programs examined. As the management frameworks for each of the programs have much in common, they were examined together.

The audit was conducted both at National Headquarters within the Youth Initiatives Directorate and five regions comprising British Columbia, Alberta, Ontario, Quebec and Nova Scotia. The Terms of Reference for the audit also identified the New Brunswick region to be examined. However, prior to beginning the audit examination phase, the decision was taken to exclude this region from the audit. It was determined that sufficient evidence could be gathered from the remaining five regions and National Headquarters to provide a report with findings and conclusions that could apply on a national basis and be of benefit to all HRDC regions. However, care must be taken when applying the results to those regions outside those examined.

Early in 2003, significant changes to HRDC's youth programs were approved as part of the renewal of the Government of Canada's Youth Employment Strategy in early 2003. The opportunity was therefore taken by IARMS to link the results of this audit as much as possible to anticipated changes in program management. Except where noted, it is important to appreciate that this report's observations and conclusions are specific to the previous array of Youth Employment Initiatives programs. To add value for management, links have been drawn to the renewed Youth Employment Strategy.

| IARMS Recommendations | Management Plan | Expected Completion Date | Responsibility |
|---|--|---|--|
| <p>2. Youth Initiatives Directive should:</p> <ul style="list-style-type: none"> ensure that risk mitigating strategies with respect to performance indicators and data-capture and integrity identified in the Risk-based Audit Framework for the renewed Youth Employment Strategy are implemented and monitored for results; ensure the new measures identified in the Risk-based Management and Accountability Framework are fully develop and implemented; and | <p>The realigned Youth Employment Strategy approved by Treasury Board in February 2003 contained a comprehensive Results based Management and Accountability Framework (RMAF) in addition to the Results Based Audit Framework (RBAF). These frameworks and their measurement strategies detail the monitoring commitments. Specifically:</p> <p>a) Performance indicators have been identified in the RMAF and will be further expanded with the assistance of an expert panel to be identified through the Evaluation Working Group;</p> <p>b) a new form Personal Information Form (PIF) has been developed until the client module of the Common System for Grants and Contribution (CSGC) is operational (expected in Fall 2004). This form contains client information that will be entered directly to National Employment Service System (NESS). To ensure consistent client information, data entry of the client information is monitored by YID and the Regions on a quarterly basis (periods four and six) and as the fiscal year progresses on a monthly basis (periods nine through their thirteen).</p> <p>The RMAF and RBAF further clarify the governance structure for both HRDC and the participating departments. Since this audit, new program guidelines have been developed and posted on the Grants and Contributions intranet sight. Appendix C of the Skills Link and Career Focus guidelines articulates the program and services component of the YES RMAF; in addition, Appendix D details how to collect and enter client data. These guidelines were released in June 2003.</p> | <p>Completed</p> <p>November 2004</p> <p>Completed</p> <p>Ongoing</p> | <p>Youth Initiatives Directorate</p> <p>Youth Initiatives Directorate / Program Evaluation Directorate</p> <p>Youth Initiatives Directorate / Regions</p> <p>Youth Initiatives Directorate</p> |

| IARMS Recommendations | Management Plan | Expected Completion Date | Responsibility |
|---|--|---|--|
| <ul style="list-style-type: none"> continue to monitor the implementation of the Grants and Contributions Common System to ensure data integrity issues are fully addressed. | <p>In addition, Strategic Integration (SI) hosts monthly conference calls with the regional network of accountability experts (EPAN) to discuss key indicators and data capture issues for the Employment Programs Branch. Through this network information and training sessions have been developed by and delivered to the Regions by YID representative. A very detailed communication strategy and plan which supports the importance of data integrity are in place.</p> <p>The CSGC remains a challenge for most HRDC users. YID has identified a resource within the Management Services area to act as liaison between CSGC and program.</p> <p>The CSGC is a standing agenda item at the National Employment Working Group (NEWG), a committee established with Regional Directors of Employment programs and EPB DG's to resolve challenges encountered in program delivery. This committee meets quarterly or more frequently if required and the DG of YID is a full participant.</p> <p>HRDC senior management has taken the decision to delay the roll-out of the Client Module of the CSGC until the program life cycle component is "bug free".</p> <p>YID has requested an update to both NESS and Contact IV to reflect new program options. These enhancements were released in February and March 2004.</p> | <p>Ongoing</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> | <p>Strategic Integration / Initiatives Directorate</p> <p>Strategic Integration / Initiatives Directorate</p> <p>Strategic Integration / Initiatives Directorate</p> <p>Strategic Integration / Initiatives Directorate</p> <p>Strategic Integration</p> |

| IARMS Recommendations | Management Plan | Expected Completion Date | Responsibility |
|--|---|--|--------------------------------------|
| <p>3. Youth Initiatives Directorate should continue to monitor and assess the effectiveness of recent actions and planned activities to address concerns regarding the availability of information designed to increase potential contribution recipients awareness of youth programs and increase sponsor understanding and capacity for administrative requirements.</p> | <p>As part of the realigned YES, a detailed Communications Strategy has been developed and is for the most part implemented or is in the process of being implemented. Specifically;</p> <ul style="list-style-type: none"> ▪ a Guide to Sponsors (contribution Applicants/ Recipients) has been developed and has been distributed to all HRCC's by December 2003; ▪ media lines and speaking notes have been developed and distributed to REH's for their negotiations with Provincial/ Territorial colleagues; and ▪ fact sheets on the realigned YES programs have been developed and distributed to all Regions. <p>The 1-800 Information Line centers have copies of the tools and products</p> <p>As communications and information sharing have always been key to successful delivery, tools and product development will continue to be reviewed and updated by YID.</p> | <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Ongoing</p> | <p>Youth Initiatives Directorate</p> |